

APPENDIX B

Axys Pharmaceuticals Awarded Grant to Develop New DNA Analysis Technology.

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SOUTH SAN FRANCISCO, Calif.--(BW HealthWire)--Oct. 7, 1998--Axys Pharmaceuticals, Inc. (Nasdaq:AXPH) announced today that it has been awarded a substantial three year grant by the National Institute of Standards and Technology (NIST), Advanced Technology Program (ATP) to further develop a significantly advanced approach to DNA analysis called Liquid Arrays(TM).

Axys is developing this technology with Luminex Corp. of Austin, Texas. This is the third largest award ever granted in the Tools for DNA Diagnostics competition and will provide approximately half of the projected total project costs of \$15 million.

Andy Watson, Axys' director of genomics technology, and principal investigator for the program, said, "Liquid Arrays consist of synthetic DNA attached to fluorescent color-coded miniature beads (microspheres) suspended in liquid. With our novel DNA synthesis approach, our system should enable us to custom synthesize arrays of up to 1 million different chosen DNA fragments, each on a different type of microsphere.

"Processing these arrays in parallel, in standard laboratory microplates is expected to allow us to analyze up to 1.5 billion DNA assays simultaneously. This technology should also allow us to fully utilize the DNA sequence information generated by public and private gene sequencing efforts in order to identify gene mutations and to examine gene function. Compared to current DNA chip technologies, Liquid Arrays are expected to offer dramatic improvements in terms of cost, performance, flexibility, miniaturization and ease of use."

John Walker, Axys' chairman and chief executive officer, said, "The NIST grant program is extremely competitive and the company is proud of our scientists who had the vision for this kind of progressive and innovative program. We envision broad applications for this technology including the discovery of new human therapies, high throughput screening, model organism research, and agricultural research by enabling the complete and routine analysis of entire sequenced genomes.

"By developing proprietary and technologically innovative DNA analysis methods, Axys will benefit by both accelerating the path from gene discovery to drug discovery, and by leveraging this technology. We look forward to working with Luminex in developing and exploiting Liquid Arrays."

An agency of the U.S. Department of Commerce's Technology Administration, the National Institute of Standards and Technology's (NIST) mission is to promote U.S. economic growth by working with industry to develop and apply technology, measurements and standards. For more information visit the NIST-ATP website at <http://www.atp.nist.gov>.

Axys Pharmaceuticals is a leader in the integration of life science technologies with a focus on transforming gene discoveries into drugs. The company has research collaborations with world-class pharmaceutical companies, covering a broad range of therapeutic areas, including respiratory, cardiovascular, and infectious disease, as well as oncology and central nervous system disorders.

Except for the historical information contained herein, this press release contains forward-looking statements that involve risks and uncertainties which could cause Axys' actual results to differ materially from those discussed here, including the risk of unexpected difficulties and delays in the development of new technologies, the risk that Axys' collaborations will not be successful, the risk that Axys will not be successful in entering into new collaborations, the risk that clinical trials will not proceed as anticipated or may not be successful, the risk of Axys' early stage of development, Axys' reliance on the efforts of its collaborative partners, competition, and general economic conditions that may affect Axys' actual results and developments. Additional factors that could cause or contribute to such differences include, but are not limited to, those discussed in the sections entitled "Business" and "Additional Risk Factors" in the company's SEC Reports, including the company's report on Form 10-K for the fiscal year ended Dec. 31, 1997.

For more information on Axys Pharmaceuticals, Inc., please visit the company's website at <http://www.axyspharm.com>.

For more information on Luminex Corp., please visit the company's website at <http://www.luminexcorp.com>.

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